

EXECUTIVE SECRETARIAT
ROUTING SLIP

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SUSPENSE		Date			

Remarks

12 Jun 85

Date

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Executive Registry

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312/392-9558



May 31, 1985

Mr. William J. Casey
Director of Central Intelligence Agency
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. Casey:

Please give the enclosed due consideration.

Yours truly,


Dan Hyland
President

DH:Kc

DOJ
EXEC
REG
P-304

THE HYLAND FIVE PERCENT PLAN

The objective of this plan is to help solve the deficit problem by increasing the net worth of the United States government. Understanding this plan takes a little mental prowess - please follow.

In the past several years we all know that the government spends more than it takes in thereby creating a deficit. Let's take three simple areas of people or institutions that do this.

- A. A working family that rents an apartment and has a net worth including the clothes on their back of say \$5,000. This family brings home \$15,000 and spends \$13,000.
- B. A wealthy family with diversified assets totalling \$500,000, the family bring in \$50,000 a year and spends \$70,000.
- C. A government spending billions more than it takes in. By the way, this government also owns nearly half of the available land in the country and can print money.

Notice in these examples that while income and outgo are extremely important they are not the whole story. Now let's suppose for a moment that each one of the above has won a lottery where the payoff is \$1 million per year for 20 years, or better yet, was handed over "for nothing" a huge block of General Motors stock. Now what would be the picture in the above cases if the income and outgo remained the same? Well, of course, in the lottery case the income would increase substantially and this would be good, obviously. And if the GM stock were handed over there would be dividends paid, increasing income, but the big change in the position of A, B, and C above would be in net worth and, as is easily understood, a strong increase in net worth will cause less concern about income/outgo, right? Right!

Now that we've got that all in place, here is what I propose. Have each and every corporation in the United States issue special stock certificates in the total amount of five percent of the total outstanding stock of that particular corporation to the United States Government. A bill would have to get through Congress, of course, to have this happen, but that is exactly what I am proposing. This stock would be equivalent to all other stock issued by that company but would have limitations and conditions:

The government must hold this stock for a minimum period of one year. After that time it could sell no more than twenty percent of that stock per year for five years. After that, it could use its own discretion.

The object of all this is to increase the net worth of the government, not to get it into the market. What would be the net effect right now if the government owned 5% of the entire stock market? Obviously good. And the impact on the corporations? Technically it would dilute their net worth by five percent. But since all other corporations would be having exactly the same thing happening to them, it shouldn't matter. And the market price for each stock would have plenty of time to adjust. Plus the government agency created to handle all this would have a mandate to hang on to the stock for the long run, collect the dividends and operate the fund in the most prudent manner possible.

As an old conservative, I loathe the creation of still another government agency. Yet this one, if created anywhere near to my plan, would be ideal. Why? First of all, the assets of the agency would not, repeat, not be a part of the general funds of the United States government. That is the funds created by the agency could not be loaned out or drained off in any fashion! In other words, except for its own operating expenses the only use of monies brought in by dividends, or in rare cases the sale of stock, would be to purchase various U.S. government securities. The long run objective of this new agency, which of course would be owned by the United States government, will be to become worth billions and billions of dollars, thereby enhancing the net worth of our government. But please note - the government could not touch those funds for any purpose whatsoever! And while the problem of the federal deficit would remain unchanged and this new agency would not affect the annual debates on the budget, indirectly the total strength of our government would be enormously enhanced.

Business should not object for these reasons:

1. They are just handing over pieces of paper. And while these pieces of paper can be sold piecemeal years down the road, it should have little total impact on any particular company as
2. This would fall equally on all U.S. corporations as well as
3. Every new company coming on the market. Five percent of stock set aside for the government.

4. Since the government will own "a piece of the Rock" it will be happy to see business prosper for a new and different reason.

The object of all this is that one fine day the net worth of this government agency (which we'll simply call The Hyland Group for lack of a better name) may actually reach or exceed the entire national debt.

Getting such a complex plan into effect would not be easy, I realize. And the exact wording of the bill will take a truly skilled legislator. But if ever implemented, it would be of enormous benefit to society as a whole. I would like to get interest, publicity, then ultimately action. Not easy, but worth the effort.

Dan Hyland

May, 1985